

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-13 ISO-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15 STR-04  
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01  
AGR-05 /101 W

-----030745Z 049974 /17

R 030549Z JUN 77  
FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC 577  
INFO USMISSION GENEVA

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STATE PASS AGRICULTURE FOR FRASER AND WHITE USMTN

EO 11652: NA  
TAGS: EAGR, ETRD, AS  
SUBJ: AUSTRALIAN IMPORT RESTRICTIONS

1. THE CURRENT GOA TREND IN GRANTING TEMPORARY IMPORT PROTECTION IS CAUSING US CONSIDERABLE CONCERN PARTICULARLY FOR CERTAIN AGRICULTURAL APRODUCTS WHERE US HAS A SUBSTANTIAL MARKET INTEREST.

2. TWO RECENT DEVELOPMENTS, ONE ON IMPORTED FROZEN AND DRIED POTATO PRODUCTS, AND THE OTHER ON ORANGE JUICE HAVE BEEN MOST DISTURBING. A RECENT INDUSTRIES ASSISTANCE COMMISSION (IAC) REPORT TO THE GOVERNMENT HAS RECOMMENDED SOME CHANGES BE MADE THAT WOULD GIVE THE POTATO INDUSTRY INCREASED PROTECTION. WE ARE CONCERNED ABOUT THE RECOMMENDATION THAT WOULD INCREASE THE DUTY ON FROZEN POTATO PRODUCTS TO 10 PCT AD VALORUM FROM CURRENT LOW DUTY OF \$A0.003 PER KG. INDICATIONS ARE THAT GOVERNMENT WILL ACCEPT IAC RECOMMENDATIONS. OUR SALES OF FROZEN POTATO PRODUCTS HAVE VARIED, BUT HAVE  
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BEEN OVER \$US2.0 MILLION IN RECENT YEARS.

3. ON MAY 30, GOA ANNOUNCED CABINET DECISION STATING THAT CURRENT TARIFF QUOTA ARRANGEMENT FOR IMPORTED ORANGE JUICE WOULD BE REPLACED BY NEW TEMPORARY TARIFF RATE OF 65 PCT AD VALOREM FOR YEAR JULY 1 THROUGH JUNE 30, 1978. THIS NEW TEMPORARY TARIFF WHICH IS WELL ABOVE 45 PCT

RECOMMENDED BY IAC, IS TO PROVIDE PROTECTION TO DOMESTIC INDUSTRY PENDING COMPLETION OF IAC REPORT CONCERNING WHAT LONG-TERM PROTECTION SHOULD BE GIVEN CITRUS GROWERS. WE FEEL NEW TARIFF PROVIDES AN UNREASONABLY HIGH LEVEL OF PROTECTION AND WILL HAVE SIZEABLE IMPACT ON OUR SALES OF ORANGE JUICE TO AUSTRALIA. US SALES OF CITRUS JUICE TO AUSTRALIA IN CY1975 WERE WORTH \$US1.2 MILLION AND IN CY1976 US\$650,000.

4. WE ARE ALSO CONCERNED AT CURRENT IAC REVIEW NOW UNDERWAY ON VEGETABLE OILS ABOUT WHAT ADDITIONAL PROTECTION, IF ANY, SHOULD BE GRANTED TO THAT INDUSTRY. INDUSTRY IS PUSHING HARD TO HAVE CURRENT DUTY OF \$A70/MT INCREASED TO \$A90/MT. ANY INCREASE IN THIS DUTY COULD HAVE SERIOUS IMPACT ON OUR SALES. US SALES OF VEGETABLE OILS IN CY1975 WERE WORTH ABOUT \$US15 MILLION AND IN CY1976 ABOUT \$A9 MILLION.

5. WE COULD ALSO BE FACING FURTHER RESTRICTIONS ON OUR TOBACCO SALES TO AUSTRALIA. RECENT LARGE BUILD-UP IN DOMESTIC TOBACCO STOCKS ALONG WITH FALLING CONSUMPTION, HAS PROMPTED LOCAL PRODUCERS TO SEEK FURTHER PROTECTION FROM IMPORTS BY FORCING UP MIXING PERCENTAGE FOR DOMESTIC LEAF UNDER TOBACCO STABILIZATION PROGRAM. ALTHOUGH STATUTORY PERCENTAGE IS SET AT 50 PCT DOMESTIC LEAF, IN PRACTICE MIXING PERCENTAGE IS NOW OVER 58 PCT. MINISTER FOR PRIMARY INDUSTRY, MR. IAN SINCLAIR HAS INDICATED HIS INTENTION TO DISCUSS THIS MATTER WITH TOBACCO INDUSTRY. WE HAVE INDICATIONS THAT GOVERNMENT WILL AGREE TO UP MIXING PERCENTAGE UNDER SOME FORM OF "VOLUNTARY AND TEMPORARY" ARRANGEMENT. PAST EXPER-

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IENCE SHOWS THAT SO-CALLED "TEMPORARY" CHANGES TEND TO BECOME PERMANENT. OUR TOBACCO SALES TO AUSTRALIA RANGE FROM \$US15 TO \$US25 MILLION A YEAR.

6. AGATTACHE PLANS TO DISCUSS THESE ISSUES WITH SECRETARY BERGLAND AND DAVID HUME AT SINGAPORE CONFERENCE. IN MEANTIME, EMBASSY WOULD APPRECIATE GUIDANCE ON ANY ACTION OR REPRESENTATION THAT SHOULD BE TAKEN ON ABOVE ISSUES. PERCIVAL

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## Message Attributes

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